

Message Text

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FOR AMBASSADOR RICHARDSON

E.O. 11652: N/A

TAGS: PLOS, OVIP (RICHARDSON, ELLIOT L)

SUBJECT: LOS - SEABED MINING LEGISLATION

1. THE FOLLOWING ARTICLE APPEARED IN JULY 27 WASHINGTON
POST UNDER BYLINE OF MARY RUSSELL:

2. BEGIN TEXT

HOUSE APPROVES AUTHORITY TO REGULATE OCEAN MINING:

A CONTROVERSIAL BILL PROVIDING THE FRAMEWORK AND FEDERAL
AUTHORITY FOR PRIVATE CONSORTIA TO MINE VALUABLE MINERALS ON
THE OCEAN FLOOR WAS PASSED BY THE HOUSE YESTERDAY.

THE BILL, WHICH PASSED BY A 312-TO-80 VOTE, WOULD GIVE THE
FEDERAL GOVERNMENT AUTHORITY TO REGULATE OCEAN MINING, SET
ENVIRONMENTAL STANDARDS AND REQUIRE THAT SOME PORTION OF THE
SHIPPING INVOLVED GO TO US SHIPS.

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ALTHOUGH IT TOOK EXCEPTION TO SOME PARTS, THE CARTER ADMINI-
STRATION GENERALLY SUPPORTED THE BILL IN THE HOPE THAT IT
WOULD BRING SOME PRESSURE ON THE DEADLOCKED UN LAW OF THE
SEA TALKS, SET TO RECONVENE AUGUST 21 IN NEW YORK.

THE OCEAN FLOOR CONTAINS MINERAL RESOURCES, IN THE FORM
OF NODULES OF MANGANESE, COPPER, COBALT AND NICKEL, ESTI-

MATED TO BE WORTH UP TO DOLS 3 TRILLION.

THE LAW OF THE SEA CONFERENCE, MADE UP OF 150 NATIONS, IS AN ATTEMPT TO SET DOWN IN INTERNATIONAL LAW HOW THOSE RESOURCES, MOSTLY IN INTERNATIONAL WATERS, ARE TO BE DEVELOPED, AND THEIR BENEFITS DIVIDED AND DISTRIBUTED. THE CONFERENCE WORKS FROM THE PRINCIPLE THAT THE OCEANS ARE BEYOND NATIONAL JURISDICTIONS AND THE RESOURCES ARE "THE COMMON HERITAGE OF MANKIND."

ACCORDINGLY, IT IS ATTEMPTING TO DECIDE HOW TO SET UP A FUND TO DISTRIBUTE SOME OF THE REVENUES FROM THE MINING TO THIRD WORLD COUNTRIES.

BUT THE TALKS HAVE BROKEN DOWN, LARGELY ON THE ROLES THAT PRIVATE INDUSTRIES AND INDUSTRIALIZED NATIONS WOULD HAVE.

THE UNITED STATES AND OTHER INDUSTRIALIZED COUNTRIES WANT A SYSTEM THAT WOULD GUARANTEE FINANCING SO DEVELOPING COUNTRIES COULD START ENTERPRISES TO COMPETE WITH CORPORATIONS FROM INDUSTRIALIZED NATIONS. THE DEVELOPING COUNTRIES WANT A SINGLE SEABED AUTHORITY CONTROLLING THE OPERATIONS, LARGELY TO THE EXCLUSION OF PRIVATE COMPANIES.

THE UNITED STATES NOW HOPES THAT SHOWING THAT THIS COUNTRY INTENDS TO START LICENSING MINING COMPANIES, WITH OR WITHOUT UNCLASSIFIED

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OUT AN AGREEMENT, WILL PRESSURE THE CONFERENCE OUT OF THE IMPASSE.

CURRENTLY, US MINING COMPANIES, PARTNERS IN FOUR INTERNATIONAL CONSORTIA, ARE THE ONLY ONES WITH THE TECHNOLOGY CAPABLE OF RECOVERING AND PROCESSING THE MINERALS.

THE AMERICAN COMPANIES, INCLUDING US STEEL, SUN OIL, AMOCO MINERAL AND LOCKHEED, WANT FEDERAL BACKING AND PROTECTION FOR THE EXPENSIVE INVESTMENT--ESTIMATED AT BETWEEN DOLS 500 MILLION AND DOLS 700 MILLION.

BUT HOW MUCH PROTECTION IS A QUESTION. THE COMPANIES ORIGINALLY SOUGHT AND GOT FROM THE HOUSE MERCHANT MARINE COMMITTEE MILLIONS OF DOLLARS WORTH OF GUARANTEES ON THEIR INVESTMENTS. BUT THE HOUSE INTERIOR COMMITTEE, WHICH ALONG WITH THE INTERNATIONAL RELATIONS AND WAYS AND MEANS COMMITTEES HANDLED THE BILL, KNOCKED OUT THE INVESTMENT GUARANTEES.

HOWEVER, A BILL REPORTED BY THE SENATE ENERGY COMMITTEE, STILL HAS INVESTMENT GUARANTEES IN IT. THAT BILL HAS TO

GO TO THE SENATE COMMERCE COMMITTEE BEFORE COMING TO THE FLOOR.

THE HOUSE BILL, WHICH MAKES CLEAR IT IS ONLY AN INTERIM MEASURE UNTIL AN INTERNATIONAL TREATY IS SIGNED, TELLS US NEGOTIATORS TO TRY TO GET TREATY PROVISIONS THAT WOULD ALLOW COMPANIES WHO HAVE STARTED MINING TO "CONTINUE THEIR OPERATIONS UNDER SUBSTANTIALLY THE SAME TERMS, CONDITIONS AND RESTRICTIONS." THE TREASURY DEPARTMENT FEELS EVEN THIS LANGUAGE PROVIDES AN OPENING FOR MULTI-MILLION-DOLLAR CLAIMS AGAINST THE UNITED STATES.

THE BILL GIVES THE FEDERAL GOVERNMENT LICENSING AND PERMIT AUTHORITY, PRESCRIBES ENVIRONMENTAL STANDARDS AND ALSO UNCLASSIFIED

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SETS UP A REVENUE SHARING FUND TO BE TURNED OVER TO THE INTERNATIONAL AGENCY WHEN A TREATY IS SIGNED.

THE WAYS AND MEANS COMMITTEE PROVIDED FOR AN EXCISE TAX EQUIVALENT TO THREE-FOURTHS OF ONE PERCENT OF THE FAIR MARKET VALUE OF THE MINERALS. EFFORTS BY REPRESENTATIVE FORTNEY H (PETE) STARK (D-CALIF.), TO RAISE THAT TAX TO 10 PERCENT OF GROSS PROCEEDS FAILED BY AN 8-TO-18 VOTE.

BY A 214-TO-184 VOTE, THE HOUSE DECIDED THAT HOTLY CONTESTED JURISDICTION OVER SEABED MINING BELONGED TO THE COMMERCE DEPARTMENT RATHER THAN THE INTERIOR DEPARTMENT, A MOVE DEPLORED BY ENVIRONMENTALISTS.

HOUSE LIBERALS ARGUED THERE SHOULD BE NO BILL AT ALL.

REP. BERKLEY BEDELL (D-IOWA) ARGUED THE BILL IS LICENSING COMPANIES TO "TAKE MINERALS THAT ARE NOT OURS TO TAKE."

OPPONENTS ARGUE THAT THE BILL JEOPARDIZES THE CONFERENCE AND MAKES THE SITUATION WORSE. IT COULD ALSO PUT THE UNITED STATES IN THE POSITION OF HAVING TO DEFEND THE COMPANIES IF A FIGHT DEVELOPED AND COULD ENCOURAGE OTHER COUNTRIES TO MAKE IRRESPONSIBLE CLAIMS TO THE OCEAN FLOOR.

REP. RON DELLUMS (D-CALIF.) CALLED IT A "HORRIBLE PIECE OF LEGISLATION THAT REFLECTS OUR ARROGANCE IN INTERNATIONAL ARENAS. HOW CAN YOU ARISE WITH A STRAIGHT FACE AND SAY WE DON'T OWN OR HAVE SOVEREIGNTY OVER THE SEA, BUT CAN RIP YOU OFF ANYWAY?" DELLUMS CALLED IT A LICENSE TO "RAPE AND PLUNDER."

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